

## CHAPTER III.

### BANKING IN FRANCE.

The Events Out of Which the Bank of France has Grown—The Mississippi Bubble of John Law and its Collapse—The Banks of Paris before the Revolution—Failure of the Assignats and the Revival of Commercial Banking—Birth of the Bank of France and its Absorption of the Departmental Banks—The Latin Union and the Embarrassments Caused by the Fall in the Price of Silver —The Recent Renewal of the Bank Charter.

THE Bank of France is the greatest and in many respects the strongest of the banks of the world, and its development exhibits many of the most interesting phases of banking history outside of Great Britain. French banking is done pre-eminently through the issue of circulating notes, and the per capita monetary circulation of France is greater than that of any other country. The origins of banking in France go back to the "Mississippi plan" of John Law, but its history during the present century has been essentially one of prudence and moderation, if not always of the most enlightened financial policy. Monopoly of the power of note issue now belongs to the Bank of France, but is far from having been its immemorial right. The *regime* of the independent departmental banks, which were absorbed by the central institution in 1848, is still recalled with pride by many French economists, and the most recent expiration of the charter of the Bank of France inspired them to a renewal of the contest then so warmly waged between "monopoly" and "liberty."\*

The first French bank of issue was created by John Law under the regency of the Duke of Orleans, at the beginning